



NAIC Group Code	3683 (Current Period)	,	3683 (Prior Period)	NAIC Company Code	95562	Employer's ID Number	38-3252216
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States						
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Hospital, Medical & Dental Service or Indemnity []		
	Dental Service Corporation []		Vision Service Corporation []		Health Maintenance Organization [X]		
	Other []		Is HMO, Federally Qualified? Yes [] No [X]				
Incorporated/Organized	05/24/1995		Commenced Business	08/01/1996			
Statutory Home Office	2900 West Road, Suite 201 (Street and Number)			East Lansing, MI 48823-6386 (City, State and Zip Code)			
Main Administrative Office	2900 West Road, Suite 201 (Street and Number)			517-349-9922 (Area Code) (Telephone Number)			
	East Lansing, MI 48823-6386 (City, State and Zip Code)						
Mail Address	2900 West Road, Suite 201 (Street and Number or P.O. Box)			East Lansing, MI 48864-6386 (City, State and Zip Code)			
Primary Location of Books and Records	2900 West Road, Suite 201 (Street and Number)			937-531-2159 (Area Code) (Telephone Number) (Extension)			
	East Lansing, MI 48823-6386 (City, State and Zip Code)						
Internet Web Site Address	www.caresource.com						
Statutory Statement Contact	L Tarlton Thomas III (Name)			937-531-2159 (Area Code) (Telephone Number) (Extension)			
	tarlton.thomas@caresource.com (E-Mail Address)			937-531-2676 (Fax Number)			

Name	Title	Name	Title
Sharon R. Williams	Plan President	Craig Thiele M.D.	Chief Medical Officer
Bobby Jones	Chief Operating Officer	L. Tarlton Thomas III	Chief Financial Officer

Pamela B. Morris	Margaret Marchak	Evonne Williams	Karen Hamilton
J. Thomas Maultsby	John M. Rockwood		

County of

Sharon R. Williams Plan President	L. Tarlton Thomas III Chief Financial Officer	Bobby Jones Chief Operating Officer
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a. Is this an original filing? Yes [☐] No [☐]

b. If no:

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	14,360,483		14,360,483	15,645,715
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (534,011) , Schedule E-Part 1), cash equivalents (\$ 21,371,037 , Schedule E-Part 2) and short-term investments (\$ 689,250 , Schedule DA).....	21,526,276		21,526,276	20,652,679
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	35,886,759	0	35,886,759	36,298,394
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	167,228		167,228	186,403
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	406,909		406,909	492,634
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	75,292		75,292	59,754
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$ 581,333) and other amounts receivable.....	686,347	105,014	581,333	842,162
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	37,222,536	105,014	37,117,522	37,879,347
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	37,222,536	105,014	37,117,522	37,879,347
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.			0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$33,697 reinsurance ceded)	14,867,023		14,867,023	13,955,472
2. Accrued medical incentive pool and bonus amounts	390,116		390,116	513,091
3. Unpaid claims adjustment expenses	266,155		266,155	219,307
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance	437,263		437,263	226,162
9. General expenses due or accrued	251,590		251,590	329,716
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,113,279		1,113,279	857,361
16. Derivatives.....			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	17,325,427	0	17,325,427	16,101,108
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	7,831,735	7,831,735
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	11,960,360	13,946,505
32. Less treasury stock, at cost:				
32.1 .....shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 .....shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	19,792,095	21,778,240
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	37,117,522	37,879,347
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	430,125	469,844
2. Net premium income (including \$0 non-health premium income).....	XXX	118,380,431	130,110,423
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	118,380,431	130,110,423
Hospital and Medical:			
9. Hospital/medical benefits		73,512,797	76,262,752
10. Other professional services		6,890,134	7,131,339
11. Outside referrals		0	0
12. Emergency room and out-of-area		5,569,599	5,788,123
13. Prescription drugs		13,117,602	13,961,535
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		802,992	629,772
16. Subtotal (Lines 9 to 15)	0	99,893,125	103,773,521
Less:			
17. Net reinsurance recoveries		345,673	11,311
18. Total hospital and medical (Lines 16 minus 17)	0	99,547,452	103,762,210
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$4,272,732 cost containment expenses.....		4,824,215	3,930,211
21. General administrative expenses.....		12,785,720	12,999,688
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	117,157,387	120,692,109
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	1,223,044	9,418,314
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		763,446	884,294
26. Net realized capital gains (losses) less capital gains tax of \$(1,159).....		(1,159)	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	762,286	884,294
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	1,985,330	10,302,608
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	1,985,330	10,302,608
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			0
2902.			0
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	21,778,240	21,609,171
34. Net income or (loss) from Line 32	1,985,330	10,302,608
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	28,525	(133,539)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders	(4,000,000)	(10,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(1,986,145)	169,068
49. Capital and surplus end of reporting year (Line 33 plus 48)	19,792,095	21,778,240
DETAILS OF WRITE-INS		
4701.		0
4702.		0
4703.		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

Cash from Operations	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	118,872,712	130,846,744
2. Net investment income	765,681	845,831
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	119,638,393	131,692,575
5. Benefit and loss related payments	98,680,514	102,623,888
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	17,385,293	16,472,849
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	116,065,808	119,096,737
11. Net cash from operations (Line 4 minus Line 10)	3,572,586	12,595,838
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,321,397	2,995,875
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,321,397	2,995,875
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,020,386	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,020,386	0
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,301,011	2,995,875
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	4,000,000	18,000,000
16.6 Other cash provided (applied)	0	0
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,000,000)	(18,000,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	873,597	(2,408,288)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	20,652,679	23,060,967
19.2 End of year (Line 18 plus Line 19.1)	21,526,276	20,652,679

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CareSource Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	118,380,431	0	0	0	0	0	4,897,236	113,483,195	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	118,380,431	0	0	0	0	0	4,897,236	113,483,195	0	0
8. Hospital/medical benefits	73,512,798						3,693,560	69,819,238		XXX
9. Other professional services	6,890,134						306,242	6,583,892		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	5,569,599						249,149	5,320,450		XXX
12. Prescription drugs	13,117,602						523,770	12,593,832		XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	802,992							802,992		XXX
15. Subtotal (Lines 8 to 14)	99,893,125	0	0	0	0	0	4,772,721	95,120,404	0	XXX
16. Net reinsurance recoveries	345,673						(1,041)	346,714		XXX
17. Total hospital and medical (Lines 15 minus 16)	99,547,452	0	0	0	0	0	4,773,762	94,773,690	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses.....	4,272,732						14,338	4,809,877		
20. General administrative expenses	12,785,720						452,777	12,332,943		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	117,157,387	0	0	0	0	0	5,240,877	111,916,510	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	1,223,044	0	0	0	0	0	(343,641)	1,566,685	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only.....				0
4. Vision only.....				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare	4,925,895		28,659	4,897,236
7. Title XIX - Medicaid.....	113,806,440		323,245	113,483,195
8. Other health.....				0
9. Health subtotal (Lines 1 through 8)	118,732,335	0	351,904	118,380,431
10. Life				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11)	118,732,335	0	351,904	118,380,431

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE CareSource Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	99,006,935						4,040,218	94,966,717		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	325,420							325,420		
1.4 Net	98,681,515	0	0	0	0	0	4,040,218	94,641,297	0	0
2. Paid medical incentive pools and bonuses	925,967							925,967		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	14,900,720	0	0	0	0	0	1,537,061	13,363,659	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	33,697	0	0	0	0	0	0	33,697	0	0
3.4 Net	14,867,023	0	0	0	0	0	1,537,061	13,329,962	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	390,116							390,116		
6. Net healthcare receivables (a).....	833,068							833,068		
7. Amounts recoverable from reinsurers December 31, current year	75,292							75,292		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	13,984,455	0	0	0	0	0	804,559	13,179,896	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	28,983	0	0	0	0	0	0	28,983	0	0
8.4 Net	13,955,472	0	0	0	0	0	804,559	13,150,913	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	513,091	0	0	0	0	0	0	513,091	0	0
11. Amounts recoverable from reinsurers December 31, prior year	59,754	0	0	0	0	0	1,041	58,713	0	0
12. Incurred benefits:										
12.1 Direct	99,090,133	0	0	0	0	0	4,772,720	94,317,413	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	345,672	0	0	0	0	0	(1,041)	346,713	0	0
12.4 Net	98,744,461	0	0	0	0	0	4,773,761	93,970,700	0	0
13. Incurred medical incentive pools and bonuses	802,992	0	0	0	0	0	0	802,992	0	0

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	14,900,720						1,537,061	13,363,659		
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	33,697							33,697		
1.4. Net	14,867,023	0	0	0	0	0	1,537,061	13,329,962	0	0
2. Incurred but Unreported:										
2.1. Direct	0									
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	0	0	0	0	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	14,900,720	0	0	0	0	0	1,537,061	13,363,659	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	33,697	0	0	0	0	0	0	33,697	0	0
4.4. Net	14,867,023	0	0	0	0	0	1,537,061	13,329,962	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	680,152	3,595,914	500	1,536,561	680,652	804,559
7. Title XIX - Medicaid.....	12,641,463	81,897,047	305,609	13,024,353	12,947,072	13,150,913
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	13,321,615	85,492,961	306,109	14,560,914	13,627,724	13,955,472
10. Healthcare receivables (a).....	793,068	266,961	53,153	275,989	846,221	407,505
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts	426,116	499,851		390,116	426,116	513,091
13. Totals (Lines 9-10+11+12)	12,954,663	85,725,851	252,956	14,675,041	13,207,619	14,061,058

(a) Excludes \$0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior .....	.0	.0	.0	.0	
2. 2007 .....	.0	.0	.0	.0	
3. 2008	XXX	198	327	327	327
4. 2009	XXX	XXX	756	1,113	1,106
5. 2010	XXX	XXX	XXX	2,050	2,737
6. 2011	XXX	XXX	XXX	XXX	3,361

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	XXX	198	327	327	327
4. 2009	XXX	XXX	756	1,113	1,106
5. 2010	XXX	XXX	XXX	2,975	2,861
6. 2011	XXX	XXX	XXX	XXX	4,650

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007.....	.0	.0		.0	.0	.0			.0	.0
2. 2008.....	391	327	10	3.0	337	86.1			337	86.1
3. 2009.....	1,281	1,106	33	3.0	1,139	88.9			1,139	88.9
4. 2010.....	3,357	2,737	82	3.0	2,819	84.0			2,819	84.0
5. 2011	4,897	3,361	101	3.0	3,462	70.7	1,537	46	5,045	103.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	362,628	362,516	362,499	362,451	362,451
2. 2007.....	101,627	113,635	110,270	110,256	86,578
3. 2008.....	XXX	109,633	125,570	125,363	125,400
4. 2009.....	XXX	XXX	111,227	123,733	123,989
5. 2010.....	XXX	XXX	XXX	87,988	100,226
6. 2011.....	XXX	XXX	XXX	XXX	82,109

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	275,887	275,874	275,873	275,873	275,872
2. 2007.....	86,741	86,642	86,626	86,578	86,578
3. 2008.....	XXX	113,635	110,270	110,256	110,255
4. 2009.....	XXX	XXX	125,570	125,363	125,400
5. 2010.....	XXX	XXX	XXX	87,988	110,226
6. 2011.....	XXX	XXX	XXX	XXX	82,109

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007.....	137,337	86,578	2,597	3.0	89,175	64.9			89,175	64.9
2. 2008.....	154,823	125,400	3,762	3.0	129,162	83.4			129,162	83.4
3. 2009.....	160,983	123,989	3,719	3.0	127,708	79.3			127,708	79.3
4. 2010.....	127,741	100,226	3,006	3.0	103,232	80.8	253	8	103,492	81.0
5. 2011.....	113,483	82,109	2,463	3.0	84,572	74.5	13,468	212	98,252	86.6

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	362,628	362,516	362,499	362,451	362,451
2. 2007.....	101,627	113,635	110,270	110,256	86,578
3. 2008.....	XXX	109,831	125,897	125,690	125,727
4. 2009.....	XXX	XXX	111,983	124,846	125,095
5. 2010.....	XXX	XXX	XXX	90,039	102,963
6. 2011.....	XXX	XXX	XXX	XXX	85,470

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	275,887	275,874	275,873	275,873	275,872
2. 2007.....	86,741	86,642	86,626	86,578	86,578
3. 2008.....	XXX	113,833	110,597	110,583	110,582
4. 2009.....	XXX	XXX	126,326	126,476	126,506
5. 2010.....	XXX	XXX	XXX	90,963	113,087
6. 2011.....	XXX	XXX	XXX	XXX	86,759

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007.....	137,337	86,578	2,597	3.0	89,175	64.9	0	0	89,175	64.9
2. 2008.....	155,214	125,727	3,772	3.0	129,499	83.4	0	0	129,499	83.4
3. 2009.....	162,265	125,095	3,752	3.0	128,848	79.4	0	0	128,848	79.4
4. 2010.....	131,098	102,963	3,088	3.0	106,051	80.9	253	8	106,312	81.1
5. 2011.....	118,380	85,470	2,564	3.0	88,033	74.4	15,005	259	103,297	87.3

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	.0	NONE							
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0								
12. Totals (gross) .....	.0								
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			473,651		473,651
2. Salaries, wages and other benefits.....	3,875,946	342,015	2,141,868		6,359,829
3. Commissions (less \$ceded plus \$assumed).....			46,093		46,093
4. Legal fees and expenses.....			97,254		97,254
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	21,409	4,027	610,939		636,375
7. Traveling expenses.....	176,815	4,248	76,929		257,992
8. Marketing and advertising.....	3,694	911	342,387		346,992
9. Postage, express and telephone.....	7,806	62	256,544		264,412
10. Printing and office supplies.....	34,156	542	407,105		441,803
11. Occupancy, depreciation and amortization.....		45	229,177		229,222
12. Equipment.....			26,909		26,909
13. Cost or depreciation of EDP equipment and software.....	100		336,132		336,232
14. Outsourced services including EDP, claims, and other services.....	147,811	196,186	349,910		693,907
15. Boards, bureaus and association fees.....	4,995	899	135,644		141,538
16. Insurance, except on real estate.....		40	44,882		44,922
17. Collection and bank service charges.....			47,639		47,639
18. Group service and administration fees.....			0		0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			6,829,011		6,829,011
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....		2,347	173,272		175,619
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	161	160,374	0	160,535
26. Total expenses incurred (Lines 1 to 25).....	4,272,732	551,483	12,785,720	0 (a)	17,609,935
27. Less expenses unpaid December 31, current year		266,155	251,591		517,746
28. Add expenses unpaid December 31, prior year	0	219,307	329,716	0	549,023
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,272,732	504,635	12,863,845	0	17,641,212
DETAILS OF WRITE-INS					
2501. Other Misc.....		161	160,374		160,535
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	0	161	160,374	0	160,535

(a) Includes management fees of \$10,470,218 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....121,272	.....141,498
1.1	Bonds exempt from U.S. tax	(a).....16,936	.....
1.2	Other bonds (unaffiliated)	(a).....635,312	.....618,792
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....31,181	.....30,195
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	804,700	790,485
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....27,039
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....27,039
17.	Net investment income (Line 10 minus Line 16)		763,446
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

(a) Includes \$60,322 accrual of discount less \$43,383 amortization of premium and less \$729 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....0		.....0		
1.1	Bonds exempt from U.S. tax .....			.....0		
1.2	Other bonds (unaffiliated) .....	.....(1,159)		.....(1,159)		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....			.....0	.....0	.....0
7.	Derivative instruments .....			.....0		
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses) .....	.....(1,159)	0	.....(1,159)	0	0
DETAILS OF WRITE-INS						
0901.	.....			.....0		
0902.	.....			.....0		
0903.	.....			.....0		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	105,014	133,539	28,525
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	105,014	133,539	28,525
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	105,014	133,539	28,525
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Insurance.....	0	0	0
2502. Prepaid Other.....	0	0	0
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	37,737	36,678	35,642	34,572	35,447	430,125
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	37,737	36,678	35,642	34,572	35,447	430,125
DETAILS OF WRITE-INS						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1- Summary of Significant Accounting Policies

A. Accounting Practices –

Basis of Presentation –

CareSource Michigan’s (CSM’s) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation (“OFIR”). OFIR requires that insurance companies domiciled in the State of Michigan prepare their statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual (NAIC AP&P) subject to any deviation prescribed or permitted by OFIR Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). No material change has occurred since the Annual 2010 filing.

The accompanying financial statements of CSM have been prepared in conformity with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Regulation (OFIR), which practices differ from accounting principles generally accepted in the United States (GAAP). The more significant variances from GAAP are:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the price published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single class and multiclass mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. The prospective method is used to determine amortized cost for securities that experience a decline that is deemed to be other-than-temporary. Securities that are in an unrealized loss position that the Company intends to sell or that the Company does not have the intent and ability to hold until recovery are written down to fair value. Securities that are in an unrealized loss position and that the Company has the intent and ability to hold until recovery are written down only to the extent that the present value of expected future cash flows (using the security’s effective yield) is lower than the amortized cost; that is, the Company does not expect to recover the entire amortized cost basis of the security. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the security is written down to fair value. If high credit quality securities are adjusted, the retrospective method is used.

Nonadmitted Assets: Certain assets designated as “nonadmitted,” principally past-due agents’ balances, furniture and equipment, unsecured loans or cash advances to officers or agents, nonbankable checks, trade names and other intangible assets, and other assets not specifically identified as an admitted asset within the NAIC’s *Accounting Practices and Procedures Manual* (NAIC AP&P), are excluded from the accompanying statements of admitted assets, liabilities, and surplus and are charged directly to capital and surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Third-Party Liability: Unpaid claims liabilities and other liabilities due to third parties, such as pharmacy benefit managers, have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flow: Cash, cash equivalents, and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

A reconciliation of capital and surplus of the Company as determined in accordance with NAIC Statutory Accounting Principles (SAP) to amounts determined in accordance with GAAP as of December 31 is as follows:

	2011	2010
Capital and surplus as reported in the accompanying statutory-basis financial statements	\$ 19,792,095	\$ 21,778,240
Change in non-admitted assets	(28,525)	134,539
Net assets, GAAP basis	\$ 19,763,570	\$ 21,912,779

There are no variances in the Company’s net income as determined in accordance with NAIC SAP and GAAP for the years ended December 31, 2011 and 2010.

B. Use of Estimates in Preparation of the Financial Statements -

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy-

Following are accounting policies that materially affect the assets, liabilities, capital and surplus or results of operations.

Investments: Bonds not backed by other loans are principally stated at amortized cost using the interest method. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities. Realized capital gains and losses are determined using the first in first out method. CSM does not engage in subprime residential lending.

Realized capital gains and losses are determined using the first in first out method. Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost. CSM does not engage in subprime residential lending.

Nonadmitted Assets: Certain assets designated as “non-admitted,” principally prepaid expenses are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

NOTES TO FINANCIAL STATEMENTS

Other than temporary impairments - Management regularly reviews the value of CSM’s investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is another-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CSM to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Cash, Cash Equivalents, and Short-Term Investments - The fair values of cash, cash equivalents, and short-term investments are based on quoted market prices.

Pharmacy Rebate Receivable- Pharmacy rebates are attained based on agreements between CSM and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non-admitted if invoiced over 90 days prior to the reporting period.

Claims and Claim Adjustment Expenses - Claims unpaid and unpaid claims adjustment expense liabilities represent management’s best estimate of the ultimate net cost of all reported and unreported claims incurred through December 2011. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Premium Revenue - Substantially all of CSM’s premiums earned (95%) are related to a contract with the Michigan Department of Community Health. The contract was effective October 1, 2009 for three years with three additional one year options. Cancellations or nonrenewal of these contracts would affect operating results adversely. Premiums are due monthly and are recognized as revenue in the period in which CSM is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, Life, Deposit-Type and Accident Health Reinsurance, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

Hospital and Medical Cost - CSM contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CSM include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

Reinsurance - Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CSM with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CSM remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations.

	2011		2010	
	Written	Earned	Written	Earned
Direct premiums	\$118,732,335	\$118,732,335	\$130,490,523	\$130,490,523
Ceded premiums				
Non-affiliates	(351,904)	(351,904)	(380,100)	(380,100)
Net premiums	\$118,380,431	\$118,380,431	\$130,110,423	\$130,110,423

Neither CS nor any of its related parties control, directly or indirectly, any reinsurer with whom CSM conducts business. CSM does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

2. **Accounting Changes and Correction of Errors** – None

3. **Business Combinations and Goodwill** –
A. Statutory Purchase – Not Applicable
B. Statutory Merger – Not Applicable
C. Assumption Reinsurance – Not Applicable
D. Impairment Loss – Not Applicable

4. **Discontinued Operations** - None

5. **Investments**
A. Mortgage Loans - None
B. Debt Restructuring - None
C. Reverse Mortgage - None
D. Loan-Backed Securities: 1 – 5
 CSM investment in two GNMA bonds totaled \$342,950. The company did not have any such securities as of January 1, 1994 therefore the retrospective adjustment method did not apply. Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker/ dealer survey values. In 2011, the Company did not change from the retrospective methodology to prospective methodology because no negative yields were identified.

E. Repurchase Agreements and/or Security Lending Transactions –1 -5 .
 Effective June 30, 2010 Fifth Third Bank and Huntington Bank discontinued its participation in the “special” FDIC Insurance Program that provided us with 100% FDIC coverage on all deposits. The limit effective 7/1/10 will be \$250,000. Independent Bank continued its participation in the program. The company is now using a sweep program with Fifth Third and Huntington Banks that invest in Repurchase Agreements that are secured by a pledge of Fifth Third’s government securities portfolio. These investments mature daily and are therefore listed as short term.

F. Real Estate – 1-5 Not Applicable

G. Investment in low income housing tax credits (LIHTC) – 1- 5 Not Applicable

6. **Joint Ventures, Partnerships and Limited Liability Companies** – A –B None

7. **Investment Income** –
Interest income earned through December 31, 2011 is accrued in the accompanying financial statements.

8. **Derivative Instruments** – A-F Not Applicable

9. **Income Taxes** – A-F
CSM has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes.

10. **Information Concerning Parent, Subsidiaries and Affiliates A-F**

NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2009, CSM, CareSource Management Services, Inc. (CSMS) and CareSource Management Group Company (CSMG) entered into a long term management agreement, which requires CSM, CSMS and CSMG to provide services and resources to each other at actual cost. The initial term of the agreement is 15 years and shall be terminable only for cause, except that CSM may terminate this agreement without cause at any time for any reason upon one year written notice. The agreement includes a cost sharing agreement, which outlines the allocation of costs for shared resources and direct costs between CSM, CSMS and CSMG. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses.

The Company's management agreement was modified to amend the payment structure for reimbursement of costs between CSM, CSMS and CSMG. The amended and related management agreement was submitted to OFIR and notice to not disapprove was received on June 30, 2011.

As of January 1, 2009, the name of CSMG changed to CareSource Management Services, Inc. (CSMS). The entity remains a for profit management services entity. As of January 1, 2009, CSM's Parent company, CareSource USA Holding Co. changed its name to CareSource Management Group Company (CSMG). The entity remains a not for profit holding company entity.

The Company accrued management fees \$10,470,218 to CareSource Management Group and CareSource Management Services during 2011.

As of December 31, 2011, CSM owed CSMG and CareSource Foundation \$1,113,279 for employee compensation and other administrative expenses incurred by the related party on behalf of CSM.

11. Debt – A-B Not Applicable

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans and Compensated Absences and Other Postretirement Benefit Plans A-F None

13. Capital and Surplus, Shareholders' Distribution Restrictions and Quasi-Reorganizations

Distribution restrictions – Without prior approval of its domiciliary commissioner, distributions to member organizations are limited by the laws of the Company's state of incorporation, Michigan and are limited to 10% of surplus or prior year net income.

Dividend or distributions paid – On October 12, 2011 an OFIR approved payment of an ordinary distribution of \$4,000,000 was executed.

14. Contingencies

A. Contingent Commitments – None

B. Assessments - None

C. Gain Contingencies - None

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits – None

E. All Other Contingencies

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time.

Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases A-B

The monthly rental for the principal office location of the CSM is the financial responsibility of the CareSource Management Group per the administrative services agreement.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk –

No such instruments.

17. Sale, Transfer and Servicing of Financial Assets and extinguishments of Liabilities A-C None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO plans – N/A

B. ASC plans – N/A

C. Medicare or similarly structured cost based reimbursed contracts

1.

a. Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 2011 consisted of \$4,374,195 for medical and hospital related services and \$551,700 for administrative expenses.

b. As of December 31, 2011, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000:

c. In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at December 31, 2011.

d. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrator – A-F Not Applicable

20. Fair Value Measurements

CareSource utilizes a Fifth Third Bank tool called Portfolio Pro for security pricing. That tool uses Reuters and FT Interactive for security pricing and all are classified as Level 2.

21. Other Items

A. Extraordinary items – None

B. Troubled debt restructuring: Debtors - None

C. Other Disclosures - None

D. Uncollected premiums - None

E. Business interruption insurance recoveries - None

F. State transferable tax credits - None

G. Subprime mortgage related risk – None

H. Retained Assets - None

22. Events subsequent – No Type I or Type II to report

23. Reinsurance

A. Ceded Reinsurance Report.

Section 1. General Interrogatories

1. No

NOTES TO FINANCIAL STATEMENTS

2. No
- Section 2 Ceded Reinsurance Report - Part A
1. No
2. No
- Section 3 Ceded Reinsurance Report - Part B
1. \$351,904
2. No
- B. Uncollectable Reinsurance – None
- C. Commutation of Ceded Reinsurance - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination A-D Not Applicable

25. Change in Incurred Claims and Claims Adjustment Expenses
Reserves for incurred claims attributable to insured events of prior years has decreased by \$.9 million from \$14.1 million in 2010 to \$13.2 million in 2011 as a result of re-estimation of unpaid claims expense. This decrease was the result of ongoing analysis of loss development trends.

26. Intercompany Pooling Arrangements – A-G Not Applicable

27. Structured Settlements - Not Applicable

28. Health Care Receivables

- A. CSM recorded \$165,287 pharmacy rebates receivable at December 31 and during 2011, collected \$384,946 for rebates related to 2010. Pharmacy rebates are netted with pharmacy expense.

Column 1 Quarter	Column 2 Estimated Pharmacy Rebates As Reported on Financial Statements	Column 3 Pharmacy Rebates as billed or Otherwise Confirmed	Column 4 Actual Rebates Received within 90 days of Billing	Column 5 Actual Rebates Received Within 91 to 180 days of Billing	Column 6 Actual Rebates Received More than 180 days of Billing
12/31/11	65,156	13,777	-	-	-
09/30/11	97,862	19,830	-	-	-
06/30/11	84,424	93,176	45,794	22,423	7,149
03/31/11	43,801	90,419	51,341	19,958	17,736
12/31/10	56,775	94,689	40,292	33,646	19,524
09/30/10	-	141,662	38,901	18,735	67,509
06/30/10	78,319	141,926	40,165	38,420	62,521
03/31/10	237,914	208,462	73,253	89,540	38,892
12/31/09	254,316	299,140	41,410	257,770	-40
09/30/09	236,025	310,430	35,059	275,289	82
06/30/09	251,440	263,052	61,642	164,661	36,749
03/31/09	248,469	287,953	78,982	-	208,971

- B. Risk Sharing – None

29. Participating Policies A-D None

30. Premium Deficiency Reserves - Not deemed necessary

31. Anticipated Salvage and Subrogation – Subrogation recoveries totaled \$62,607 for the period ended December 31, 2011.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Michigan.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2008
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2008
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....02/11/2010
- 3.4

By what department or departments? State of Michigan, Office of Financial and Insurance Regulation.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ N/A ☐
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21

State the percentage of foreign control

.....

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 110 Huntington Center, 41 South High Street, Columbus OH 43215.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Darrell Knapp, Ernst & Young, One Kansas City Plaza, Suite 2000, 1200 Main Street, Kansas City MO 64105.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [X] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes ☐ No ☒
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes ☒ No ☐
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes ☒ No ☐
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes ☒ No ☐

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ☐ No ☒
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.0

20.12 To stockholders not officers \$.0

20.13 Trustees, supreme or grand (Fraternal only) \$.0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$.0

20.22 To stockholders not officers \$.0

20.23 Trustees, supreme or grand (Fraternal only) \$.0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ☐ No ☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others \$.0

21.22 Borrowed from others \$.0

21.23 Leased from others \$.0

21.24 Other \$.0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes ☐ No ☒
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$.0

22.22 Amount paid as expenses \$.0

22.23 Other amounts paid \$.0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☐ No ☒
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.0

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes ☒ No ☐
- 24.2 If no, give full and complete information, relating thereto
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes ☐ No ☐ NA ☒
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$.0
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$.0
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ☐ No ☐ NA ☒
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☐ No ☐ NA ☒
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes ☐ No ☐ NA ☒

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....
25.28	On deposit with state or other regulatory body	\$.....1,000,000
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year: \$.....

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Fifth Third Bank.....	111 Lyon St. NW. Grand Rapids MI 49503.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....
.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....
.....
.....

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?
- 29.2 If yes, complete the following schedule:
- Yes [] No [X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
29.2999 TOTAL		0

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	14,360,483	15,701,334	1,340,851
30.2 Preferred Stocks.....	0		0
30.3 Totals	14,360,483	15,701,334	1,340,851

- 30.4 Describe the sources or methods utilized in determining the fair values:
CareSource utilizes a Fifth Third Bank tool called Portfolio Pro for security pricing. That tool uses Reuters and FT Interactive for security pricing.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- Yes [X] No []
- Yes [X] No []
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [X] No []

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$45,000
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans.....	\$.....45,000

- 34.1 Amount of payments for legal expenses, if any? \$106,176
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Brickler & Eckler.....	\$.....36,905
Foster, Swift, Collins & Smith, P.C.....	\$.....58,776

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$73,617
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Midwest Strategy Group of Michigan, LLC.....	\$.....49,110
Health Management Associates.....	\$.....10,703

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
1.2 If yes, indicate premium earned on U. S. business only \$0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
1.31 Reason for excluding
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
1.6 Individual policies:
Most current three years:
1.61 Total premium earned \$0
1.62 Total incurred claims \$0
1.63 Number of covered lives0
All years prior to most current three years:
1.64 Total premium earned \$0
1.65 Total incurred claims \$0
1.66 Number of covered lives0
1.7 Group policies:
Most current three years:
1.71 Total premium earned \$0
1.72 Total incurred claims \$0
1.73 Number of covered lives0
All years prior to most current three years:
1.74 Total premium earned \$0
1.75 Total incurred claims \$0
1.76 Number of covered lives0

2. Health Test:

Table with 3 columns: Item Number, Description, and Amount. Rows include Premium Numerator, Premium Denominator, Premium Ratio, Reserve Numerator, Reserve Denominator, and Reserve Ratio for both Current Year and Prior Year.

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
3.2 If yes, give particulars:
4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [X] No []
5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
5.2 If no, explain:
5.3 Maximum retained risk (see instructions)
5.31 Comprehensive Medical \$210,000
5.32 Medical Only \$
5.33 Medicare Supplement \$
5.34 Dental and Vision \$
5.35 Other Limited Benefit Plan \$
5.36 Other \$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
7.2 If no, give details:
8. Provide the following information regarding participating providers:
8.1 Number of providers at start of reporting year6,152
8.2 Number of providers at end of reporting year6,501
9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
9.2 If yes, direct premium earned:
9.21 Business with rate guarantees between 15-36 months
9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....1,316,083

10.22 Amount actually paid for year bonuses

\$.....925,967

10.23 Maximum amount payable withholds

\$.....0

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth.

Michigan.....

11.4 If yes, show the amount required.

\$.....7,406,708

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Alcona.....
Alligan.....
Alpena.....
Antrim.....
Berrien.....
Branch.....
Calhoun.....
Cass.....
Charlevoix.....
Cheboygan.....
Emmet.....
Genessee.....
Gladwin.....
Grand Traverse.....
Hillsdale.....
Iosco.....
Kalamazoo.....
Kent.....
Leelanau.....
Macomb.....
Mason.....
Mecosta.....
Monroe.....
Montmorency.....
Muskegon.....
Newaygo.....
Oakland.....
Ogemaw.....
Ostego.....
Ottawa.....
Presque Isle.....
Saginaw.....
St Joseph.....
Van Buren.....
Wayne.....

13.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

13.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

FIVE - YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	37,117,522	37,879,347	44,500,226	46,288,506	37,365,027
2. Total liabilities (Page 3, Line 24)	17,325,427	16,101,108	22,891,055	26,756,592	27,878,133
3. Statutory surplus	7,406,708	7,502,494	8,687,794	9,025,598	8,980,616
4. Total capital and surplus (Page 3, Line 33)	19,792,095	21,778,240	21,609,171	19,531,914	9,486,894
Income Statement (Page 4)					
5. Total revenues (Line 8)	118,380,431	130,110,423	160,026,226	146,092,511	129,085,706
6. Total medical and hospital expenses (Line 18)	99,547,452	103,762,210	122,998,312	123,154,806	113,579,652
7. Claims adjustment expenses (Line 20)	4,824,215	3,930,211	4,691,969	4,178,710	3,445,580
8. Total administrative expenses (Line 21)	12,785,720	12,999,688	13,134,830	5,485,886	8,929,507
9. Net underwriting gain (loss) (Line 24)	1,223,044	9,418,314	19,201,115	13,273,109	3,130,967
10. Net investment gain (loss) (Line 27)	762,286	884,294	1,083,465	994,395	1,316,079
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	1,985,330	10,302,608	20,284,580	14,267,504	4,447,046
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	3,572,586	12,595,838	16,744,456	12,747,620	8,521,089
Risk-Based Capital Analysis					
14. Total adjusted capital.....	19,792,095	21,778,240	21,609,171	19,531,914	9,486,894
15. Authorized control level risk-based capital.....	3,703,354	3,751,247	4,343,897	4,512,799	4,495,308
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	35,447	37,737	41,557	49,465	47,956
17. Total members months (Column 6, Line 7)	430,125	469,844	566,817	598,324	589,046
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	84.1	79.7	75.8	79.7	82.7
20. Cost containment expenses	3.6	2.7	2.6	2.2	2.1
21. Other claims adjustment expenses	0.5	0.3	0.3	0.5	0.4
22. Total underwriting deductions (Line 23)	99.0	92.8	86.8	85.9	91.7
23. Total underwriting gain (loss) (Line 24)	1.0	7.2	11.8	8.6	2.3
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	13,207,619	12,816,466	12,967,918	11,969,724	4,908,178
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	14,061,058	12,922,737	14,789,396	13,042,342	6,407,166
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....Yes [] No []

If no, please explain:

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.		1 Active Status	Direct Business Only							
			2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Consideration s	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N	0	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0	0	0	0
5. California	CA	N	0	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0	0
9. District of Columbia	DC	N	0	0	0	0	0	0	0	0
10. Florida	FL	N	0	0	0	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0	0
14. Illinois	IL	N	0	0	0	0	0	0	0	0
15. Indiana	IN	N	0	0	0	0	0	0	0	0
16. Iowa	IA	N	0	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0	0
23. Michigan	MI	L	0	4,925,895	113,806,440	0	0	0	118,732,335	0
24. Minnesota	MN	N	0	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0	0	0	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	4,925,895	113,806,440	0	0	0	118,732,335	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0	0
61. Total (Direct Business)	(a) 1	0	4,925,895	113,806,440	0	0	0	118,732,335	0	0
DETAILS OF WRITE-INS										
5801.	XXX								0	
5802.	XXX								0	
5803.	XXX								0	
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.: All premiums written in the State of Michigan

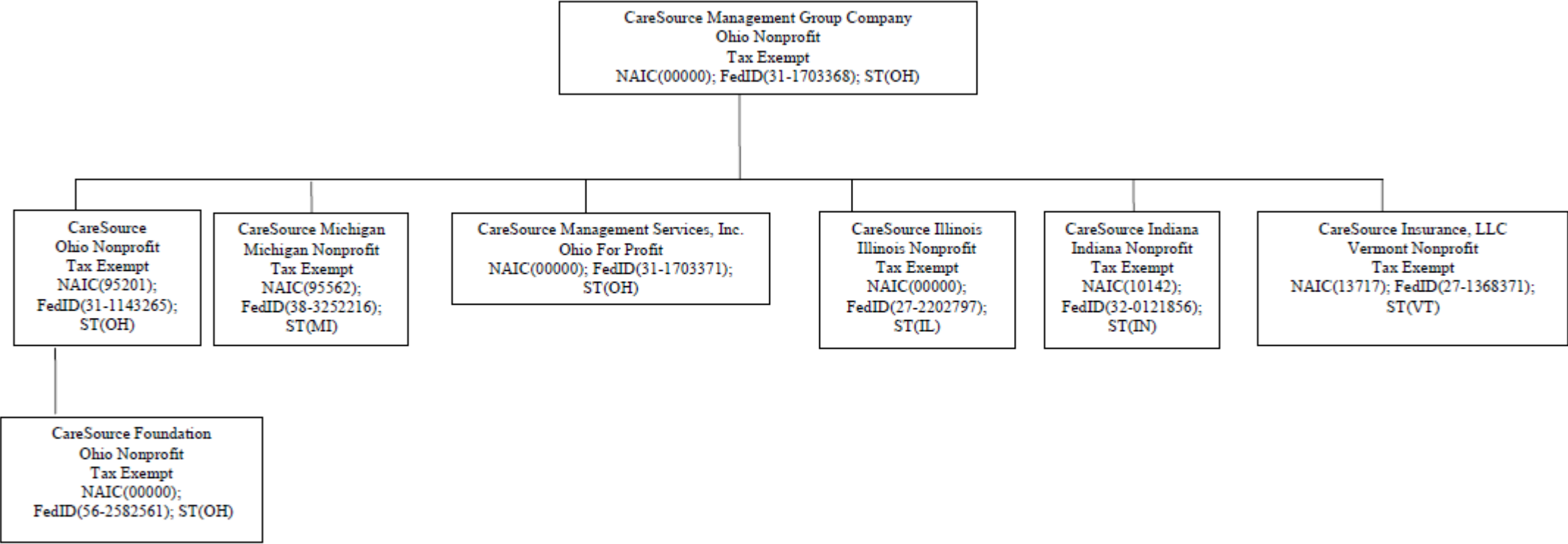
(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

CareSource Family of Companies

Corporate Structure



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

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